

Economic regulation of Gatwick Airport Limited
easyJet response to CAA's consultation on new commitments

easyJet welcomes the opportunity to respond to the CAA's consultation on its proposed approach to the economic regulation of Gatwick Airport Limited (GAL). Overall, we broadly support GAL's new commitments and the Airport Consultative Committee's (ACC) response to the consultation.

However, we note that while the average charge will be subject to a cap of RPI+0%, GAL will still need to demonstrate efficiency in the application of the cap across its charges structure while quality of service targets need to go further to deliver improved customer experience and operational performance. To that end, investments will need to be prioritised, in particular to improve punctuality, pier and remote service performance.

We provide detailed remarks below on specific aspects of the commitments not addressed in the ACC response and areas where we would welcome collaborative interest from the CAA.

1. Quality of Service

Discussions with airlines have resulted in an overall improvement in the targets and measurement. However, certain elements of GAL's service commitments remain under discussion with airlines and we expect GAL to prioritise punctuality and operational efficiency for both pier served and remote operations to improve the customer experience. We similarly expect that GAL should clearly articulate what the expected impact on QSM is when sharing information regarding capital plans.

Specific emphasis should be given to increasing and maximising pier service and the delivery of projects that will deliver against this objective as listed below.

- **Punctuality**

The new targets for average on time departure punctuality (at least 70% for the summer season and 75% in the winter season) are not ambitious, particularly given the current traffic forecasts and GAL's expectation that it will not see a full recovery of 2019 traffic levels until 2024.

In addition, the quarterly moving average could continue to mask poor performance in one month over another which, given current forecasts, would not be acceptable.

Alongside the application of an absolute target, we would expect Gatwick to benchmark itself against other airports to ensure continuous appraisal of punctuality and to respond with suitable action plans to improve punctuality should punctuality fall below other comparable airports.

- **Availability targets for operational assets**

We welcome the efforts that GAL have put into stand availability targets and look forward to them further improving their maintenance planning and holistic view of stand availability to include all elements that make up a fully functioning stand. The deployment of Airport Collaborative Decision Making (A-CDM) could have a significant impact on efficiency and customer service, in particular in relation to improving stand availability. We welcome all ideas that can improve the efficiency of stand planning and utilisation

We would also welcome greater forward visibility and engagement on changes being made across the airport that affect our operations. We welcome improvements that have been made to the JOG meeting but believe that more can be done in terms of providing information to airlines in good time so that better collaborative decision making can take place.

- **Security queues**

As noted by the CAA, new targets still need to be agreed on security queues and the CAA will need to ensure that the ongoing conversations are completed satisfactorily and that measures implemented drive positive change on security queue times.

2. Investments

With respect to GAL's minimum investment commitment of £120 million per year on average, we note the CAA's interest in ensuring sufficient airfield infrastructure to meet reasonably expected traffic levels. Our concern is in ensuring that the right investments are prioritised to achieve the quality of service targets and improve customer experience. These should include:

- ATC technology investments to improve efficiency, capacity and resilience
- Investments to unlock automation of customer and operations processes through the airport
- Investment to improve pier service levels in the North Terminal in line with the 95% target for all carriers
- The refurbishment of North Terminal gate rooms, with domestic gates, in particular, in need of complete refurbishment (flooring, ceilings, signage, lighting, interior of jet bridges)
- Timely work to ensure that baggage systems approaching end of life are upgraded/replaced to ensure improved reliability of this area of the operation, particularly in relation to the TBF in the North Terminal. Opportunities to further automate baggage handling should be explored as part of this work.
- Significant improvements to remote pad de-icing provision in order to step change the efficiency and throughput of the Sierra pad during winter operations.

3. Efficiency in management of third-party contractors

Improvements in the customer experience for remote services should also extend to coaching services. We have seen a lack of willingness from GAL to engage with coaching provision, with the risk that the airport could be left without a coaching service.

Similarly, significant cost increases in PRM services, which are unrelated to quality or volume, indicate the need for tighter management by GAL of the efficiency of the service.

We would therefore like to see improved engagement and efficiency in GAL's management of third-party provision and suggest that the CAA may wish to assist in this respect.

easyJet

30th November 2020